

Message Text

LIMITED OFFICIAL USE

PAGE 01 LIMA 05426 281745Z

71

ACTION ARA-20

INFO OCT-01 ADP-00 L-03 H-03 EB-11 AGR-20 COME-00 TRSE-00

OPIC-12 NSC-10 PA-03 PRS-01 USIA-15 CIAE-00 INR-10

NSAE-00 RSC-01 RSR-01 /111 W
----- 082780

R 281700Z JUL 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 6497

LIMITED OFFICIAL USE LIMA 5426

EO 11652: N/A

TAGS: EFIS, EIND, PE

SUBJ: U.S. FISHMEAL COMPANIES VIEW RE EVALUATION

PROCEDURES AND FUTURE STRATEGY

REFS: LIMA 4972, 4932, 4603, STATE 128488

SUMMARY: AT EMBASSY MEETING JULY 25, U.S. FISHMEAL COMPANY REPS EXPRESSED SATISFACTION WITH GOP EVALUATION PROCEDURES RE FISHMEAL STOCKS, BUT WORRY OVER BASES FOR CALCULATION FIXED ASSETS AND NATURE OF BONDS INCLUDING DOUBTFUL PROSPECT OF OBTAINING TIMELY FOREIGN EXCHANGE REMITTANCES. PARTICULAR CONCERN EXPRESSED OVER NATURE TEN-YEAR FISHING BONDS WHICH HAVE NO MAINTENANCE OF VALUE FEATURE. REPRESENTATIVES SUGGESTED AND EMBASSY CONCURRED THAT THEY CONCENTRATE THEIR EFFORTS WITH REPRESENTATIVES OF OTHER NATIONALIZED FISHMEAL COMPANIES IN ORDER PRESENT COORDINATED AND IF POSSIBLE UNITED FRONT TO GOP. OTHER EMBASSIES CONCERNED ARE FOLLOWING DEVELOPMENTS BUT HAVE NO INSTRUCTIONS OR PLANS RAISE COMPENSATION ISSUE WITH GOP IN NEAR FUTURE. END SUMMARY

1. AFTER CONSULTATION WITH OTHER TWO NATIONALIZED U.S. COMPANIES, REPS OF THREE U.S. FISHMEAL COMPANIES CALLED ON AMBASSADOR JULY 25 TO PRESENT THEIR VIEWS RE GOP
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LIMA 05426 281745Z

EVALUATION PROCEDURES AND THOUGHTS ON POSSIBLE FUTURE

STRATEGY.

2. EVALUATION PROCEDURES:

(A) FISHMEAL STOCKS. REPS PLEASED TO NOTE THAT AFTER FURTHER STUDY THEY BELIEVE FISHMEAL STOCK EVALUATIONS WILL BE APPROXIMATELY VALUED AT \$310 A TON, BASED ON TOTAL FISHMEAL STOCK OF 360,000 TONS, FROM WHICH 60,000 TONS SUBTRACTED FOR LOCAL SALES. OF THE REMAINING 300,000 TONS DESTINED FOR FOREIGN SALES, 30 PERCENT IS VALUED AT PREVIOUS AVERAGE SALE PRICE OF \$155 A TON, AND THE OTHER 70 PERCENT IS VALUED AT MAY 7 DATE OF NATIONALIZATION PRICE OF \$485 A TON. REPS ESTIMATE TOTAL VALUE FISHMEAL SOLD IN 1973 (PRESUMING NO MORE FISHING THIS YEAR) WILL REACH \$150 MILLION OR 60 PERCENT OF 1972 FISHMEAL INCOME. THEY LAMENTED FACT THAT THEY WRE ALL IN THE BLACK FROM JANUARY TO MAY 1973 AND WOULD HAVE HAD VERY PROFITABLE YEAR IF NOT NATIONALIZED.

(B) FIXED ASSETS. PROCEDURES SET DEPRECIATED BOOK VALUE FOR COMPANIES' FIXED ASSETS. WHILE REPS REITERATED PREVIOUS CONCERN THAT PROCEDURE IS MECHANICAL IN NATURE AND FAILS TAKE INTO ACCOUNT REAL VALUE OF PLANT AND EQUIPMENT, THEY NOTED FAVORABLY THAT DEPRECIATION RATE ALLOWED FOR 1972 IS ONE PERCENT INSTEAD OF NORMAL 10 PERCENT.

3. FISHING BONDS. PRINCIPAL CONCERN OF REPRESENTATIVES CENTERS ON NON-TRANSFERABLE FISHING BONDS. THEY FEAR PAYMENT MAY BE HELD UP INDEFINITELY AT BANCO DE LA NACION WHEN THEY ATTEMPT CASH BONDS AS EQUAL INSTALLMENTS FALL DUE, AND MORE IMPORTANT, BONDS HAVE NO PROVISION FOR MAINTENANCE OF VALUE. (AMBASSADOR NOTED GOP UNLIKELY AGREE TO ANY SUCH FEATURE SINCE SIMILAR REQUEST BY GRACE SUMMARILY DISMISSED BY GOP). THEY ALSO POINTED OUT BONDS WILL BE ISSUED BY PESCAPERU RATHER THAN GOP OR OTHER RECONGNIZED STATE AGENCY WHICH MAKES INTEREST PAYMENTS TIED TO PROFITABILITY OF PRESCOPERU. IN ADDITION, INTEREST RATE OF SIX PERCENT IS SUBSTANTIALY LESS THAN EITHER COFIDE BONDS (EIGHT PERCENT) OR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LIMA 05426 281745Z

STATE BONDS (10 PERCENT). FINALLY, THEY CONCERNED THAT THEY WILL NOT BE ABLE OBTAIN FOREIGN EXCHANGE FOR SOLES RECEIVED IN PAYMENT.

4. STRATEGY: REPS INQUIRED RE FISHMEAL NATIONALIZATION ISSUE WHICH THEY UNDERSTOOD RAISED AT PARIS CONSULTTATIVE GROUP AND WE CONFIRMED THAT GERMAN, JAPANESE, AND BRITISH DELEGATES TO CG MEETING MADE STATEMENTS ABOUT NECESSITY

FOR RPOMPT AND ADEQUATE COMPENSATION. REPS AGREEED WITH US THAT THERE WAS PROBABLY DIRECT RELATION BETWEEN THIS EXPRESSION OF CONCERN AT CG AND FACT THEY HAD RECEIVED REASONABLE EVALUATION THEIR FISHMEAL STOCKS. WITHOUT COASHING FROM US, REPS DECIDED COORDINATE THEIR ACTIONS WITH OTHER FOREIGN COMPANIES AFFECTED AND REPORT BACK TO US IN NEAR FUTURE ABOUT RESULTS SUCH COORDINATION BEFORE PROCEEDING FURTHER. IN THIS REGARD, THEY CONSIDERING POSSIBILITY OF JOINT DEMARCHE ON MINFIN MORALEZ-BERMUDEZ WHOM THEY CONSIDER MOST LIEKLY SUPPORT THEIR POSITION IN GOP COUNCILS.

5. JAPANESE AND UK DIPLOMATIC COLLEAGUES INFORM US THEY FOLLOWING FISHMEAL NATIONALIZATION DEVELOPMENTS BUT HAVE NO PLANS NOR INSTRUCTIONS APPROACH GOP AT PRESENT. FRENCH COLLEAGUES, WHERE STATUS UNCLEAR AT MOMENT DUE BREAK RELATIONS, DO NOT PLAN RAISE QUESTION WITH GOP EITHER, ALTHOUGH FRENCH COMMERCIAL OFFICER OPINED THAT SUBJECT OF NATIONALIZATION WAS ALMOST CERTAINLY DISCUSSED DURING MEETING BETWEEN MORALEZ-BERMUDEZ AND GISCARD D'ESTAING AT TIME CG. GERMAN EMBASSY HERE INTERESTED IN OUTCOME BUT TELLS US GERMAN INVESTMENT IN FISHMEAL INDUSTRY IS IN FIRM ACTUALLY INCORPORATED IN SWITZERLAND.

6. COMMENTS: WE BELIEVE MOST EFFECTIVE APPROACH AT THIS STAGE IS TO ALLOW U.S. FISHING COMPANIES CONTINUE WITH THEIR INITIATIVE TO COORDINATE ACTION WITHT OTHER COMPANIES. IN ADDITION, WE THINK IT ADVISABLE AWAIT FINAL AUDIT REPORTS WHICH SCHEDULED FOR COMPLETION PRIOR SEPTEMBER 1 BEFORE CONSIDERING ANY DIRECT FOLLOW-UP ACTION OURSELVES.
BELCHER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 28 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LIMA05426
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973075/aaaaadpu.tel
Line Count: 146
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 LIMA 4972, 4932, 4603, 73 STATE 128488
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 23 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Jan-2002 by martinjw>; APPROVED <13 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.S. FISHMEAL COMPANIES VIEW RE EVALUATION PROCEDURES AND FUTURE STRATEGY
TAGS: EFIS, EIND, PE
To: SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005